

## SURVEYING WOMEN'S ENTERPRISES IN JORDAN

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USAID/Jordan has recently invested considerable funds in microenterprise development as a means of improving economic opportunities for middle-class Jordanians and alleviating poverty among Jordanians at lower ends of the economic spectrum. Microenterprise development is also viewed as an area of program support for expanding economic opportunities for Jordanian women. USAID/Jordan has two microfinance projects that include targets of at least 50 percent women borrowers. Data on women's formal and informal enterprise activities in Jordan have been limited, however. In response, USAID requested WIDTECH assistance in 1998 in conducting a survey on women's economic activities in Jordan, with a focus on microenterprise.<sup>1</sup> Objectives of the survey, which was implemented in collaboration with the Center for Strategic Studies at the University of Jordan, were:

- Determining the nature and extent of women's participation in the labor force as owners, operators, and employees of microenterprises;
- Analyzing gender-based constraints to forming and expanding enterprises; and
- Recommending specific interventions that USAID/Jordan can implement to help reduce gender-based constraints and support the growth of sustainable businesses under its microfinance programs.

<sup>1</sup> For copies of the "Women's Economic Activities in Jordan" report, please contact the WIDTECH project.

### SURVEY METHODOLOGY

**Survey sample.** A survey was administered to a national-level random sample of 5,445 women aged 15 and older from 3,219 households, which was drawn from the master sample of Jordan's Department of Statistics. The sample was designed for representation of the northern, middle, and southern regions of the country.

**Survey tool.** The survey questionnaire sought to capture all current work of Jordanian women, including informal enterprises and unpaid agricultural labor; characteristics of their enterprises; how they had equipped themselves to undertake their work; returns they were making on their investments of time and money; constraints within which they worked; demographic information; and information on employment history.

**Survey implementation.** Surveying took place over a period of about six weeks, during August and September 1998. The survey team consisted of 3 field supervisors, 18 field coordinators, and 80 enumerators who administered the interviews. All of the enumerators were Jordanians; more than 75 percent of them were women. The entire team underwent extensive training before implementing the survey.

### PROFILE OF WOMEN WITH ENTERPRISES

**Despite great gains in education in recent decades, Jordanian women have very low rates of economic activity.** Approximately 80 percent of all the women surveyed had at least basic education, and almost 30 percent had secondary or higher education. However, because

of social and economic constraints, only 12.5 percent of the women are currently working, either employed in a salaried job or self-employed in short-term activities, microenterprise, or agriculture.

**Women in microenterprise generally have only basic education.** About 65 percent of them have completed primary or preparatory school, while 16 percent have no schooling at all. Only 20 percent of women in microenterprise have completed secondary school or higher education, as compared to about 80 percent of women in salaried jobs.

**Women with microenterprises—both formal and informal—comprise a small proportion of all working women in Jordan.** About 12 percent of all working women, or 1.5 percent of the total population, are engaged in microenterprise activities. About 52 percent of all working women are employed in formal sector salaried jobs, and 29.5 percent are engaged in agricultural activities.

**Women involved in microenterprise generally live in urban areas.** About 62 percent of women reside in the densely populated middle region of the country, which includes the urban and peri-urban areas of Amman and Zarqa.

**The mean age of women working in microenterprise is 35.6 years, and 64 percent of them are married.** Women in microenterprise

tend to be older than those employed in salaried jobs and are more likely to be married. They tend to be somewhat younger than women in agriculture, who have a mean age of 39.8 years.

## WHAT ENTERPRISES ARE THEY RUNNING?

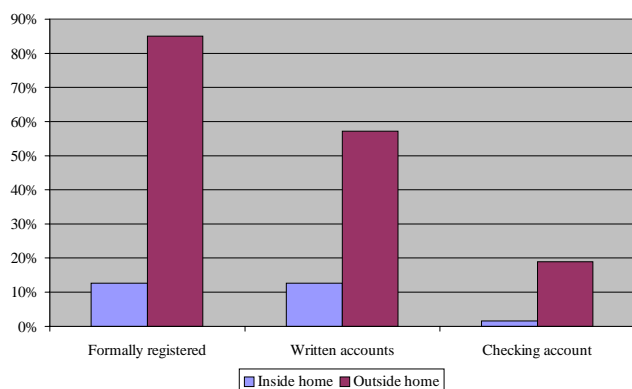
**Seventy-five percent of women's enterprises in Jordan are home-based.** Women's home-based businesses tend to be smaller, operate fewer months per year, have fewer full-time paid employees and unpaid family workers, and have lower gross incomes than women's businesses based outside the home. The mean monthly gross income of women's businesses based outside the home was more than three times the mean monthly gross income of the home-based businesses.

**Women's home-based businesses tend to be more informal than those based outside the home.** Home-based businesses are less likely to be formally registered or licensed, and they are less likely to maintain written accounts or utilize the formal financial sector.

**Regardless of the size or level of formality, women's businesses are critical sources of financial support for households.** Women's businesses based outside the home provide approximately 65 percent of total household income, while home-based businesses provide about 35 percent of total household income. This disparity can be attributed to differences in size and gross monthly incomes as well as to differences in the life-cycle stages of women running them. For example, female heads of households who are the primary providers of household income are more highly represented among proprietors of businesses based outside the home.

**Most women's enterprises are based on a narrow range of "traditional" skills learned to produce items for personal or household use or to participate in family enterprises as unpaid workers.** Activities are largely based on sewing, embroidery, and production of other handicrafts. Provision of beauty services and com-

Indicators of Formality for Women's Businesses Based Inside and Outside Homes



mercial trade in groceries or clothing are also well represented. The enterprises are primarily retail, providing goods and services to individuals, rather than wholesale to merchants.

**Only a small proportion of women with enterprises had borrowed money for their businesses.** Very few women have taken out loans for their businesses because of lack of information, lack of access, cultural opposition to interest, high interest rates, and financial risk involved in taking out loans. Among women borrowers, more than 50 percent had borrowed from family members, one woman had gotten a loan from a bank, and two women had borrowed from other organizations.

## WHAT ARE THE CONSTRAINTS WOMEN FACE?

**Lack of capital.** The major constraint confronted by all women with enterprises was a lack of operating capital. More than 40 percent of the women reported that their businesses were undercapitalized. This indicates a critical need for financial support and points out the potential for expanding microfinance services to these women.

**Lack of access to credit.** About 29 percent of women with businesses based outside their homes and 17.5 percent of those with home-based enterprises reported that lack of access to credit was a significant problem. Access to credit is a critical need for all women, although it is a greater need for women with larger businesses.

**Market saturation and lack of knowledge about marketing.** Competition and low market demand were identified as critical problems by women with businesses based outside their homes but were less problematic for women with home-based enterprises. On the other hand, women with home-based enterprises appear to have less experience with and knowledge about marketing their goods and services than do those with businesses based outside their home.

**Taxes and regulations.** A significantly higher proportion of women with businesses based out-

side their homes reported experiencing major difficulties with tax payments, government regulations, and government inspectors. This reflects how these businesses are more likely to be formalized and thus more likely to be paying taxes, coping with regulatory frameworks, and interacting with inspectors than home-based enterprises. Difficulty in paying taxes also reflects their capital constraints.

**Socio-cultural constraints.** The proportion of women reporting major difficulties in terms of physical mobility or community criticism was relatively small, a questionable finding that may require further qualitative inquiry. Women with businesses based outside their homes reported more difficulties in arranging child care than did women with home-based businesses, who generally have more flexibility in balancing domestic and income-earning work.

## HOW CAN WOMEN BENEFIT MORE?

Based on the survey's findings, the study generated seven strategic recommendations. These recommendations were organized into three components aimed at reducing gender-based constraints to microenterprise development so that USAID/Jordan's microfinance programs can meet their goal of 50 percent women borrowers. The following are examples of one key recommendation from each component.

### Identifying and Prioritizing Potential Women Borrowers

*Drawing from the survey data, identify diverse types of potential borrowers within the entire population of women in microenterprise, including women with little or no education.*

Women with basic or no education who run informal enterprises comprise the majority of women in microenterprise. Earlier studies, however, indicate that these women have generally not been beneficiaries of enterprise support programs and that women with more education, better access to information and services, and better means for establishing formal

businesses have been disproportionately represented among program beneficiaries.

#### Increasing and Expanding Access to Financial Services

*Design and implement specific strategies for increasing women's access to credit, including targeting credit-worthy women with informal and home-based enterprises.*

Inadequate operating capital was identified as the single most important constraint faced by women in microenterprise; lack of access to credit was the second largest constraint. USAID's microfinance initiatives, which are specifically designed to increase access to financial services, have the potential for making a considerable impact on women's abilities to address their capital constraints. By designing specific strategies for reaching women, the programs can more effectively ensure that they meet their goals in service provision. There is a substantial body of literature on "best practices" for increasing women's access to financial services that can be

referred to for a wide range of specific strategies and approaches.<sup>2</sup>

#### Looking Beyond Credit: Non-Financial Support Needs

*Supplement lending programs with other forms of business support that are essential for effective development of women's enterprises.*

Technical training courses currently offered to women focus on "traditional" skills that are associated with subsectors whose markets are saturated. Such training does not benefit women in higher potential commercial and non-traditional services businesses. To promote successful women-owned businesses, training needs to be targeted to women active in microenterprise, particularly in the areas of basic finance, accounting, management, and marketing. Business services also can be provided to select subsector groups to assist them in strategizing and implementing changes, such as improving access to raw materials, building better market linkages, and developing marketing plans.

<sup>2</sup> For select pieces on best practices for increasing women's access to financial services, please contact the WIDTECH project.

WIDTECH supports innovative approaches to technical assistance and training that take into account women's roles and contributions and enhance the effectiveness of USAID's development assistance.

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